

November 30, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT 12th YEAR GRANT
FUNDS FROM THE STATE OF CALIFORNIA, DEPARTMENT OF
INSURANCE (SCDI), FOR THE WORKERS' COMPENSATION
INSURANCE FRAUD (WCIF) PROGRAM FOR FISCAL YEAR 2004-05
(ALL DISTRICTS) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the enclosed Resolution authorizing the District Attorney to accept grant funds for the WCIF Program from SCDI. Funds in the amount of \$4,500,000 will be provided by SCDI for the period of July 1, 2004 through June 30, 2005 to fully offset program costs.
2. Authorize the District Attorney to execute the Grant Award Agreement on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as project director and to sign and approve any revisions to the Grant Award Agreement that do not affect the net County cost of the Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 28, 2004, the District Attorney submitted an application to SCDI to continue funding for the WCIF Program in FY 2004-05. A Grant Award Letter was received on September 13, 2004 in the amount \$4,500,000. The SCDI has awarded funding for the WCIF Program for the past eleven years. The grant will be used solely to increase the investigation and prosecution of workers' compensation fraud cases, and cases relating to the willful failure of employers to remit payments into workers' compensation programs designed to protect employees.

As part of the Grant Award Agreement, SCDI requires adoption of the enclosed resolution, which has been approved as to form by County Counsel.

Implementation of Strategic Plan Goals

Acceptance of the grant funds supports the County's Strategic Plan Goal No. 4, Fiscal Responsibility, by securing an available revenue source at the state level. This program directly supports the District Attorney's core mission of prevention, deterrence and prosecution of felony crime, such as workers' compensation insurance fraud, throughout the County.

FISCAL IMPACT/FINANCING

Grant funds in the amount of \$4,500,000 have been awarded to the Los Angeles County District Attorney for the WCIF Program. The SCDI grant offsets 100 percent of this program cost; therefore, there is no net County cost impact. Funding for this program was included in the department's 2004-05 budget.

If funding for this program were terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the provisions of Section 1872.83 of the California Insurance Code, the State Department of Insurance is authorized to award and distribute funds to district attorneys submitting plans approved by the Bureau of Fraudulent Claims for the increased investigation and prosecution of fraudulent workers' compensation claims.

The objective of the Los Angeles County District Attorney's Workers' Compensation Insurance Fraud Program is the prevention, deterrence and prosecution of those abusing the workers' compensation system by criminal methods.

The WCIF Program team consists of highly qualified prosecutors and investigators, who study, analyze, and identify problems of workers' compensation fraud; institute thoughtful and practical program strategies designed to effectively prosecute criminal violators and deter others from unlawful conduct; work cooperatively with the Department of Insurance and other local, state and federal agencies; provide meaningful outreach and communication with public entities, carriers, self-insurers, Third Party Administrators, employers, employees, and the public at large; and, offer specific training to those individuals and entities which are sources of case referrals.

In Fiscal Year 2003-04, there were 213 document referrals received. This is a slight decrease of 2.7% from the previous year's number of 219; however, there was a 21.4% increase from 103 to 125 in the number investigations initiated. There was a slight decrease of 12.5% in defendants charged, from 64 to 56, and \$1,868,302 in restitution was collected, a decrease of 14.4% from the previous year. Program goals for Fiscal Year 2004-05 include opening 125 new investigations and initiating 60 new prosecution cases.

This grant provides 100 percent funding for 28.4 full-time and 1.0 part-time positions as reported on the attached Grant Management Statement.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This program does not propose attorney staff augmentation. Therefore, the District Attorney's Office is not subject to the Board motion of December 15, 1998 requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments.

CONCLUSION

Acceptance of these grant funds is strongly recommended.

Following Board approval on this program, the Executive Officer-Clerk of the Board is requested to return a copy of the adopted Board letter and two (2) copies of the executed Resolution, containing original signatures, to Emily Aidells, Contracts and

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Grants Unit, Los Angeles County District Attorney's Office, 201 North Figueroa Street, Suite 1300, Los Angeles, California 90012. Any questions may be directed to Ms. Aidells at (213) 202-7674.

Very truly yours,

STEVE COOLEY
District Attorney

mmb

Enclosures

c: Chief Administrative Officer
County Counsel